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IN THE CLAIMS

Please cancel Claims 1-34 without prejudice.

Please add new claims 35-57.

35. (new) A product distribution and return system, comprising:

a vending machine configured to dispense media products;

a product dispersed from the vending machine in one location, the product being one of said media products;

a return mailer dispersed with the product, wherein the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location, and

a label comprising an address of the return center and having an amount of postage sufficient to mail the product to the return center;

a database with information associated with the product,

wherein said label is configured for being attached to the return mailer for returning the product to the return center or alternatively being attached to a second return mailer if the product is not returned to the return center;

wherein a transaction identifier electronically notifies the return center that the pre-paid package is being returned when the product is shipped;

wherein the return center receives product tracking information when the product is shipped;

wherein a product rental fee is defined in a set of product rental terms, further wherein the product rental fee includes fees for non-compliance with the product rental terms;

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wherein the return center determines compliance of non-compliance with the product rental terms, further wherein an additional charge is posted to a consumer account or a future credit to a consumer account is canceled for non-compliance with the product rental terms;

wherein the product rental terms include terms related to a specified return date and product condition; and

wherein the database contains information specifying at least four of the product rental terms selected from the group consisting of transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.

36. (new) The system of claim 35, further comprising a controller containing the database with information on the product, the controller connected to the vending machine and to the return center with transmission links.

37. (new) The system of claim 35 wherein the media product is selected from the group consisting of DVDs, CDs, videotapes, software media and audio tapes.

38. (new) The system of claim 35 wherein the product is rented using a transaction card.

39. (new) The system of claim 35 wherein the vending machine is located in a location selected from the groups consisting of an airport, a railroad station, a bus station, a subway, a store and a hotel.

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40. (new) The system of claim 35 wherein the product is obtained in a first location, used in a second location and deposited in a collection box in a third location.
41. (new) The system of claim 36 further comprising a service agent facility having an automated service agent, the automated service agent having means for accessing the database.
42. (new) The system of claim 41 further comprising instructions issued by the controller to the return center and to the service agent facility, the instructions providing information on inventory management.
43. (new) The system of claim 35 further comprising a transaction identifier on the return mailer.
44. (new) The system of claim 43 wherein the transaction identifier is a scannable code.
45. (new) The system of claim 44 wherein the return mailer has prepaid postage and is pre-addressed to the return center.
46. (new) The system of claim 35 wherein the product is not returned to the return center.

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47. (new) The system of claim 35 wherein the database contains information comprising a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.
48. (new) The system of claim 47 wherein the return center determines compliance with the specified return date by noting the actual return date and comparing the actual return date with the specified return date in the database.
49. (new) A method of doing business, comprising:
- providing a vending machine configured to dispense media products;
 - providing a media product for rent at the vending machine in one location;
 - dispensing the media product from the vending machine, the media product being dispensed with a return mailer, wherein the return mailer is configured as a product case;
 - requesting return of the media product in the return mailer to a return center located in a location other than said one location within a period of time, the return mailer depositable with a third-party delivery service;
 - alerting the return center of the return of the media through electronic notification;
 - tracking the shipment of the media to the return center;
 - storing information about the media product rental terms in a database;
- and

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providing a label comprising an address of the return center and having an amount of postage sufficient for the third-party delivery service to return the product to the return center;

wherein said label is configured for being attached to the return mailer upon returning the product to the return center or alternatively for being attached to another return mailer if the product is not returned to the return center; and

wherein the database contains at least four of the media product rental terms selected from the group consisting of a transition identifier, product title, rental date, specified return date, product condition, product rental fee and product purchase price.

50. (new) The method of claim 49 wherein a unique code identifies the media product, rental location and the rental date.

51. (new) The method of claim 50 further comprising storing information about the media product, rental location and rental date in the database.

52. (new) The method of claim 51 further comprising issuing credit or canceling additional charges depending on product condition and product return date.

53. (new) The method of claim 50, wherein the return center activity comprises:
opening the return mailer;

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inspecting the product inside the return mailer to determine if the product is in good condition;

comparing information in the database with the product inside the return mailer; and

issuing a credit for a difference between the product rental fee and the product purchase price or canceling a future charge when the product is returned in good condition and on time.

54. (new) The method of claim 53 wherein a prorated credit is issued when the product is returned late or in less than good condition.

55. (new) An apparatus for dispensing media products, comprising:

means for selecting a particular product;

means for dispensing the particular product together with a first return mailer to a customer;

means for transporting the particular product from the customer back to a return center located apart from the means for dispensing;

means for identifying the particular product;

means for recording a transaction date in a database; and amount of postage sufficient to mail the particular product to the return center;

means for notifying the return center that the product has been shipped;

means for tracking the product from the return center after it has been shipped;

wherein said label is configured for being attached to the first return mailer for returning the particular product to the return center or alternatively for being attached to a second return mailer if the particular product is not return to the return center;

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wherein said particular product is a media product and said means for transporting comprises the first return mailer dispersed at said means for dispersing; and

wherein the database contains information specifying at least four product rental terms selected from the group consisting of a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.

56. (new) The apparatus of claim 55 wherein the means for selecting and depositing a particular product is a vending machine.

57. (new) The apparatus of claim 56 wherein the means for identifying the product and rental date is a unique code, the unique code enterable in the database.